

Conversation Contents

RE: Leonardite

Attachments:

/1. RE: Leonardite/1.1 Leonardite DOI White Paper 3.2018.pdf

"Harms, Cherie" <cherie@leonarditeproducts.com>

From: "Harms, Cherie" <cherie@leonarditeproducts.com>
Sent: Wed Mar 07 2018 11:42:23 GMT-0700 (MST)
To: Kathleen Benedetto <kbenedetto@blm.gov>, Brian Steed <bsteed@blm.gov>
CC: "Andrea Travnicek (Andrea_travnicek@ios.doi.gov)" <Andrea_travnicek@ios.doi.gov>
Subject: RE: Leonardite
Attachments: Leonardite DOI White Paper 3.2018.pdf

Kathy,

I'm following up on the email I received from Andrea Travnicek a few minutes ago. I understand you are available Monday. Please advise when you'd like to see us.

We are meeting with Tim Williams at 11:30 and would like to meet with you prior to that meeting or early afternoon, if possible. Our corporate attorney, Robert Harms (yes, also my husband) will be with me.

I am attaching a white paper explaining our situation.

We appreciate the opportunity to meet with you. Thank you for your consideration.

Cherie

Cherie Harms

Leonardite Products

Mobile: 701-471-2704

[Cherie@leonarditeproducts.com](mailto:cherie@leonarditeproducts.com)

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Sent: Wednesday, March 07, 2018 11:48 AM
To: Harms, Cherie <cherie@leonarditeproducts.com>
Cc: Kathleen Benedetto <kbenedetto@blm.gov>; Brian Steed <bsteed@blm.gov>
Subject: Leonardite coal

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and/or Brian as well.

Andrea

Andrea Travnicek, Ph.D.
Deputy Assistant Secretary for Water and Science
Office of the Secretary
U.S. Department of the Interior
work: 202-208-0969
cell: 202-897-7220

On Wed, Mar 7, 2018 at 9:18 AM, Harms, Cherie <cherie@leonarditeproducts.com> wrote:

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"Benedetto, Kathleen" <kbenedetto@blm.gov>

From: "Benedetto, Kathleen" <kbenedetto@blm.gov>
Sent: Wed Mar 07 2018 15:06:22 GMT-0700 (MST)
To: "Harms, Cherie" <cherie@leonarditeproducts.com>, Valgentina Bolden <vbolden@blm.gov>
CC: Brian Steed <bsteed@blm.gov>, "Andrea Travnicek (Andrea_travnicek@ios.doi.gov)" <Andrea_travnicek@ios.doi.gov>
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To: Harms, Cherie <cherie@leonarditeproducts.com>
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Kathleen Benedetto
Senior Adviser
Bureau of Land Management
Room 5648, MIB
1849 C Street NW
Washington, DC 20240
Direct: (202) 208-5934
Cell: (202) 336-9318

"Bolden, Valgentina" <vbolden@blm.gov>

From: "Bolden, Valgentina" <vbolden@blm.gov>
Sent: Wed Mar 07 2018 15:06:28 GMT-0700 (MST)
To: kbenedetto@blm.gov
Subject: Re: Leonardite

You have reached Valgentina "Penny" Bolden at the Bureau of Land Management. My Detail has expired in the Office of Assistant Secretary, Land and Minerals Management and I'm no longer Katharine MacGregor's Executive Assistant. Kate's permanent Executive Assistant can be reached at the following:

NAME: Amanda Long
EMAIL: adlong@blm.gov
PHONE: 202-208-2197

Amanda will take care of your request.

--

Penny

Email: vbolden@blm.gov

Office: 202-208-3516

=====

Office Manager/Executive Assistant

Department of the Interior

Bureau of Land Management

1849 C. Street N.W., Room 5618

Washington, DC 20240

**** *I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.* **** **Maya Angelou**

"Harms, Cherie" <cherie@leonarditeproducts.com>

From: "Harms, Cherie" <cherie@leonarditeproducts.com>
Sent: Wed Mar 07 2018 15:15:17 GMT-0700 (MST)
To: "Benedetto, Kathleen" <kbenedetto@blm.gov>
Subject: RE: Leonardite

Wonderful! Thank you, Kathy.

Cherie

Cherie Harms

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From: Benedetto, Kathleen [<mailto:kbenedetto@blm.gov>]
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"Harms, Cherie" <cherie@leonarditeproducts.com>

From: "Harms, Cherie" <cherie@leonarditeproducts.com>
Sent: Mon Mar 12 2018 08:01:20 GMT-0600 (MDT)
To: "Benedetto, Kathleen" <kbenedetto@blm.gov>
Subject: Re: Leonardite

We made it to your assistant.

Cherie Olson Harms
Leonardite Products
701-471-2704
<div>Cherie@leonarditeproducts.com

----- Original message -----

From: "Benedetto, Kathleen" <kbenedetto@blm.gov>
Date: 3/7/18 5:06 PM (GMT-05:00)
To: "Harms, Cherie" <cherie@leonarditeproducts.com>, Valgentina Bolden
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Cc: Brian Steed <bsteed@blm.gov>, "Andrea Travnicek (Andrea_travnicek@ios.doi.gov)"
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LEONARDITE PRODUCTS-LLC

Date: March 7, 2018

To: Kathleen Benedetto, Senior Advisor to Director of Bureau of Land Management
Brian Steed, Deputy Director, Bureau of Land Management

From: Cherie Harms, President, Leonardite Products 701-471-2704 cell
Cherie@leonarditeproducts.com

CC: Ryan Bernstein, Chief of Staff, US Senator Hoeven's Office
Mark Gruman, Chief of Staff, US Congressmen Cramer's Office
Timothy Williams, External and Intergovernmental Affairs, Office of the Interior
Andrea Travnicsek, Deputy Assistant Secretary for Water and Science, Department of the Interior
Chris Marohl, Senior Policy Advisor, Representative Kevin Cramer North Dakota

Leonardite Products mines and processes a compound used as a fertilizer, oil drilling fluid, and foundry mix additive. It is also used for reclamation. The material we mine, leonardite, is an oxidized lignite coal it is a natural form of humate. The lignite was oxidized by glacial waters tens of thousands of years ago. It has no value as an energy source. Our business model is nothing like coal used for energy. We are not attached to, or associated, with any other mining operation.

A group of investors forming Leonardite Product's LLC, bought this company in 2008. The previous owner, GeoResources, acquired a coal lease in 1964 to mine on private land with the intent of mining leonardite. According to the homestead patent, the federal government reserved coal, and only coal, on this land. From 2006- 2017 less than 90,000 tons have been mined from the area covered by this lease. This surface of this lease area is owned by private citizens.

The IRS, the Office of Surface Mining (OSM) and IBLA (see Maurice Tanner Act) do not consider leonardite to be coal. North Dakota no longer considers leonardite to be coal. We understand the humate mines in New Mexico and Idaho are not conserved to be coal by the BLM in those regions. This mine in North Dakota is the ONLY leonardite mine being treated like coal by the federal government. We understand, competitive leonardite, or humate mines, in the US on federal land are covered by the Minerals Material Act of 1947. The North Dakota Public Service Commission Reclamation Department regulates the operation and reclamation of our mine.

The federal government is imposing a 12.5% royalty on Leonardite Products gross proceeds. Because our process and business model is different than coal, that 12.5% exceeds our margin. I inadvertently invited an ONRR audit when, in 2010, I asked for a reduction in our unit value determination and royalty. After the ONRR audit, the royalty changed to as much as \$20.00 per ton sold from \$1.93 tons mined.

The lignite coal mines in our state pay a 2.2% royalty on federal land. I believe the lignite in this area sells for \$20-\$40.00 per ton.

I have several appeals filed with Office of Natural Resources Revenue. ONRR and have submitted a Royalty Rate Reduction with the BLM. ONRR denied our appeals in February 2018. The BLM Royalty Rate Reduction petition has been in the Billings office and not advanced to DC for four years. I believe ONRR had difficulty ruling on our appeals because they understand strictly applying rules and regulations for coal on our company is not reasonable. It is common for the ONRR personnel and me to suggest we are trying to put a square peg in a round hole. ONRR tells me the BLM could change their position.

I've met with Phillip Perlewitz who is the Chief, Branch of Solid Materials in the Montana State Office of the BLM in Billings several times. Two years ago, Senator Hoeven's office set up a meeting with Mitchell Leverette, BLM Washington Office Chief of the Minerals Division and William Radden-Lesage BLM Washington Office, Mining Engineer Minerals Division. At this meeting Leverette and Radden-Lesage agreed Leonardite Products is in a difficult position. These two agreed to turn the matter over to the BLM solicitors.

It is my understanding, the solicitors consulted Mr. Perlewitz. In June of 2016, Mr. Perlewitz told me that Leonardite Products had a contract with the US government and it could not be altered. I tried to explain contracts were renegotiated often and, in fact, the federal government had altered the contract several times since its inception. I also understand the Billings BLM office maintains leonardite is coal.

Leonardite Products is a small company- grossing just over \$1million in leonardite sales per year. Our ability to be profitable and attract capital to expand has been hampered by the royalties expected by the federal government. As a primary sector business we are important to the local community; providing good paying jobs and diversifying the economy.

Conversation Contents

Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke

Attachments:

/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.1 image005.png
/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.2 image003.png
/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.3 image004.png
/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.4 image001.png
/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.5 image002.png
/2. Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke/1.6 Select Energy NM Permian Rockhouse Infrastructure (BLM State Land) 42x36....pdf

"Bauserman, Christine" <christine_bauserman@ios.doi.gov>

From: "Bauserman, Christine" <christine_bauserman@ios.doi.gov>
Sent: Tue Jul 18 2017 09:59:02 GMT-0600 (MDT)
To: Kathleen Benedetto <kathleen_benedetto@ios.doi.gov>
Subject: Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke
Attachments: image005.png image003.png image004.png image001.png image002.png Select Energy NM Permian Rockhouse Infrastructure (BLM State Land) 42x36....pdf

More information for the Cramer meeting tomorrow.

----- Forwarded message -----

From: **SIO, Scheduling** <scheduling_sio@ios.doi.gov>
Date: Tue, Jul 18, 2017 at 11:32 AM
Subject: Fwd: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke
To: Christine Bauserman <christine_bauserman@ios.doi.gov>

And does Kathy have this map to include with the brief if needed? Leila

----- Forwarded message -----

From: **Buening, Rachel** <Rachel.Buening@mail.house.gov>
Date: Mon, Jul 3, 2017 at 9:56 AM
Subject: RE: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke

To: "Gruman, Mark" <Mark.Gruman@mail.house.gov>, "SIO, Scheduling" <scheduling_sio@ios.doi.gov>
Cc: "scheduling@ios.doi.gov" <scheduling@ios.doi.gov>, "micah_chambers@ios.doi.gov" <micah_chambers@ios.doi.gov>, "Marohl, Chris" <Chris.Marohl@mail.house.gov>

Hi Caroline – Any update on if a meeting is possible July 18-19?

Best,

Rachel Buening

DC Scheduler

Rep. Kevin Cramer | North Dakota

1717 Longworth HOB | 202-225-2611



[Email](#) [Website](#) [vCard](#)

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From: Buening, Rachel
Sent: Friday, June 23, 2017 3:01 PM
To: Gruman, Mark; SIO, Scheduling
Cc: scheduling@ios.doi.gov; micah_chambers@ios.doi.gov; Marohl, Chris
Subject: RE: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke

Hi Caroline – The answers to your questions are as follows:

- **If any, dates the Congressman has in mind for the meeting or when the group is in town –**
 - July 18 or 19
- **Names & titles of attendees**
 - Rep. Kevin Cramer
 - Cody Ortowski - Select Energy Services, President and COO
 - Michael Moore – Brown Pruitt, Attorney
 - Mark Gruman – Rep. Cramer, Chief of Staff
 - Chris Marohl – Rep. Cramer, Senior Policy Advisor

- **Any specifics regarding the energy development project**

- Attached is map that shows the BLM land in SE New Mexico that the Delaware Basin sits in. Select's plan(s) consist of constructing up to 50 miles or more of underground water related pipelines through the BLM land and adding storage reservoirs on the BLM land. We have hired a former BLM official (actually until two to three years ago was working in Dickinson) by the name of Doug Burger as a consultant to help us make sure we are in complete compliance with the BLM. We are working with a team of biologists and surveyors to make sure all impacts are minimized and in complete legal accordance with the BLM. Our complete plans should be submitted within a week or maybe two to the Carlsbad office. Doug is going to be assigned an Reality Specialist to work with.

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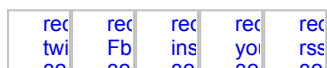
Best,

Rachel Buening

DC Scheduler

Rep. Kevin Cramer | North Dakota

1717 Longworth HOB | 202-225-2611



[Email](#) [Website](#) [vCard](#)

[Sign Up](#) to receive Congressman Cramer's newsletter

From: Gruman, Mark
Sent: Thursday, June 22, 2017 4:03 PM
To: SIO, Scheduling
Cc: scheduling@ios.doi.gov; micah_chambers@ios.doi.gov; Marohl, Chris; Buening, Rachel
Subject: RE: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke

Thanks Caroline – we'll be in touch.

Mark

From: caroline_boulton@ios.doi.gov [mailto:caroline_boulton@ios.doi.gov] **On Behalf Of** SIO, Scheduling
Sent: Thursday, June 22, 2017 2:14 PM
To: Gruman, Mark
Cc: scheduling@ios.doi.gov; micah_chambers@ios.doi.gov; Marohl, Chris; Buening, Rachel
Subject: Re: Scheduling Request - Congressman Cramer, Select Energy Services w/ Secretary Zinke

Hi Mark and Rachel,

Thanks for sending in the request. Could you provide the following information for us?

- If any, dates the Congressman has in mind for the meeting or when the group is in town
- Names & titles of attendees
- Any specifics regarding the energy development project

We appreciate your help. Let me know if you have any questions for us at this point.

Best,

Caroline

On Wed, Jun 21, 2017 at 10:36 AM, Gruman, Mark <Mark.Gruman@mail.house.gov> wrote:

Good morning Caroline. Congressman Cramer and several representatives of Select Energy Services would like to meet with Secretary Zinke about an energy development project in SE New Mexico. It is my understanding about 85% of development falls within the jurisdiction of the BLM.

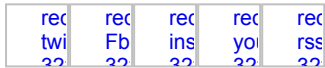
I have copied in the Congressman's scheduler, Rachel. Thank you.

Mark Gruman

Chief of Staff/Legislative Director

Rep. Kevin Cramer | North Dakota

1717 Longworth HOB | 202-225-2611



[Email](#) [Website](#) [vCard](#)

[Sign Up](#) to receive Congressman Cramer's newsletter

--

Christine Bauserman
U.S. Department of the Interior
Special Assistant to Secretary
email: christine_bauserman@ios.doi.gov
phone: 202-706-9330

**Rockhouse
Pipelines and Facilities
Permian Basin NM**

Legend

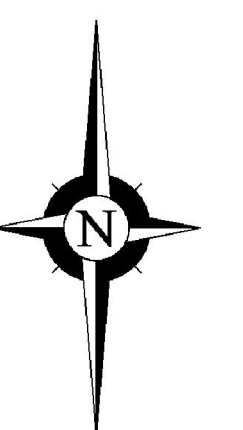
Rockhouse Pipeline

- Above-Ground Pipeline
- Right-of-Way

Contracted Pipeline

- Main Line
- Minor Line
- Road Bore
- Booster
- Pond
- Tap
- Contracted Water Source
- Water Source
- Water Station

- Highway
- Major Road
- Minor Road
- Railroad
- City
- State Line
- State
- County Line
- County
- PLSS Section
- Water Body
- Major Water Course
- BLM Land
- State Land
- US Reclamation Land
- US Forest Service Land



0 3.5 7 10.5 14
Miles

1 inch equals 3.5 miles

Wells Current as of 3/3/17

Conversation Contents

Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 3:30pm (kathleen_benedetto@ios.doi.gov)

Attachments:

/3. Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 3:30pm (kathleen_benedetto@ios.doi.gov)/1.1 invite.ics
/3. Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 3:30pm (kathleen_benedetto@ios.doi.gov)/1.2 invite.ics

Leila Getto <leila_getto@ios.doi.gov>

From: Leila Getto <leila_getto@ios.doi.gov>
Sent: Mon Jul 17 2017 09:32:21 GMT-0600 (MDT)
To: kathleen_benedetto@ios.doi.gov,
downey_magallanes@ios.doi.gov,
christine_bauserman@ios.doi.gov, cdr06@ios.doi.gov,
amanda_kaster@ios.doi.gov
CC: katharine_macgregor@ios.doi.gov
Subject: Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 3:30pm (kathleen_benedetto@ios.doi.gov)
Attachments: invite.ics invite.ics

This event has been changed.

Meeting with Rep. Cramer and Select Energy Services

[more details »](#)

DOI Staff Attendees: Kathy Benedetto and Amanda Kaster-Averill

Their attendees:

- Rep. Kevin Cramer
- Cody Ortowski - Select Energy Services, President and COO
- Michael Moore – Brown Pruitt, Attorney
- Mark Gruman, Chief of Staff to Rep. Cramer
- Chris Marohl, Senior Policy Adviser to Rep. Cramer
- Rob MacGregor, Legislative Director for Rep. Pearce (MN-02)

They would like to discuss an energy development project in SE New Mexico that 85% of development falls within the jurisdiction of the BLM.

Any specifics regarding the energy development project

Attached is map that shows the BLM land in SE New Mexico that the Delaware Basin sits in. Select's plan(s) consist of constructing up to 50 miles or more of underground water related pipelines through the BLM land and adding storage reservoirs on the BLM land. We have hired a former BLM official (actually until two to three years ago was working in Dickinson) by the name of Doug Burger as a consultant to help us make sure we are in complete compliance with the BLM. We are working with a team of biologists and surveyors to make sure all impacts are minimized and in complete legal accordance with the BLM. Our complete plans should be submitted within a week or maybe two to the Carlsbad office. Doug is going to be assigned an Reality Specialist to work with.

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POC

Rachel Buening

DC Scheduler, Rep. Kevin Cramer | North Dakota

1717 Longworth HOB | 202-225-2611

When **Changed:** Wed Jul 19, 2017 3pm – 3:30pm Eastern Time

Where Secretary's Office ([map](#))

Video call https://plus.google.com/hangouts/_/doi.gov/cdr06

Calendar kathleen_benedetto@ios.doi.gov

Who

- cdr06@ios.doi.gov - organizer
- leila_getto@ios.doi.gov - creator
- downey_magallanes@ios.doi.gov
- christine_bauserman@ios.doi.gov
- kathleen_benedetto@ios.doi.gov
- amanda_kaster@ios.doi.gov
- katharine_macgregor@ios.doi.gov - optional

Going? [Yes](#) - [Maybe](#) - [No](#) [more options »](#)

Invitation from [Google Calendar](#)

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Conversation Contents

Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)

Attachments:

/4. Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)/1.1 invite.ics
/4. Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)/1.2 invite.ics

Leila Getto <leila_getto@ios.doi.gov>

From: Leila Getto <leila_getto@ios.doi.gov>
Sent: Mon Jul 17 2017 09:31:41 GMT-0600 (MDT)
To: kathleen_benedetto@ios.doi.gov, cdr06@ios.doi.gov, christine_bauserman@ios.doi.gov, downey_magallanes@ios.doi.gov, amanda_kaster@ios.doi.gov
CC: katharine_macgregor@ios.doi.gov
Subject: Updated Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)
Attachments: invite.ics invite.ics

This event has been changed.

Meeting with Rep. Cramer and Select Energy Services

[more details »](#)

Changed: DOI Staff Attendees: Kathy Benedetto and Amanda Kaster-Averill

Their attendees:

- Rep. Kevin Cramer
- Cody Ortowski - Select Energy Services, President and COO
- Michael Moore – Brown Pruitt, Attorney
- Mark Gruman, Chief of Staff to Rep. Cramer
- Chris Marohl, Senior Policy Adviser to Rep. Cramer
- Rob MacGregor, Legislative Director for Rep. Pearce (MN-02)

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Any specifics regarding the energy development project

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POC

Rachel Buening

DC Scheduler, Rep. Kevin Cramer | North Dakota

1717 Longworth HOB | 202-225-2611

When Wed Jul 19, 2017 3pm – 4pm Eastern Time

Where Secretary's Office ([map](#))

Video call https://plus.google.com/hangouts/_/doi.gov/cdr06

Calendar kathleen_benedetto@ios.doi.gov

Who

- cdr06@ios.doi.gov - organizer
- leila_getto@ios.doi.gov - creator
- kathleen_benedetto@ios.doi.gov
- christine_bauserman@ios.doi.gov
- downey_magallanes@ios.doi.gov
- amanda_kaster@ios.doi.gov
- katharine_macgregor@ios.doi.gov - optional

Going? [Yes](#) - [Maybe](#) - [No](#) [more options »](#)

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Conversation Contents

Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)

Attachments:

/5. Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)/1.1 invite.ics

/5. Invitation: Meeting with Rep. Cramer and Select Energy Services @ Wed Jul 19, 2017 3pm - 4pm (kathleen_benedetto@ios.doi.gov)/1.2 invite.ics

cdr06@ios.doi.gov

From: cdr06@ios.doi.gov
Sent: Fri Jul 14 2017 17:20:11 GMT-0600 (MDT)
To: kathleen_benedetto@ios.doi.gov,
downey_magallanes@ios.doi.gov, amanda_kaster@ios.doi.gov,
christine_bauserman@ios.doi.gov
CC: katharine_macgregor@ios.doi.gov
Subject: Invitation: Meeting with Rep. Cramer and Select Energy Services
@ Wed Jul 19, 2017 3pm - 4pm
(kathleen_benedetto@ios.doi.gov)
Attachments: invite.ics invite.ics

Meeting with Rep. Cramer and Select Energy Services

[more details »](#)

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POC
Rachel Buening
DC Scheduler, Rep. Kevin Cramer | North Dakota
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When Wed Jul 19, 2017 3pm – 4pm Eastern Time
Where Secretary's Office ([map](#))
Video call https://plus.google.com/hangouts/_/doi.gov/cdr06
Calendar kathleen_benedetto@ios.doi.gov
Who

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- leila_getto@ios.doi.gov - creator
- downey_magallanes@ios.doi.gov
- amanda_kaster@ios.doi.gov
- christine_bauserman@ios.doi.gov
- kathleen_benedetto@ios.doi.gov
- katharine_macgregor@ios.doi.gov - optional

Going? [Yes](#) - [Maybe](#) - [No](#) [more options »](#)

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Conversation Contents

Fwd: 0719 Cramer - Invitation to edit

"OS, dailybriefingbinder" <dailybriefingbinder@ios.doi.gov>

From: "OS, dailybriefingbinder" <dailybriefingbinder@ios.doi.gov>
Sent: Fri Jul 14 2017 08:06:28 GMT-0600 (MDT)
To: Kathleen Benedetto <kathleen_benedetto@ios.doi.gov>
Subject: Fwd: 0719 Cramer - Invitation to edit

This was tasked to Kate but wanted to share with you.

----- Forwarded message -----

From: **Christine Bauserman (via Google Docs)** <drive-shares-noreply@google.com>
Date: Fri, Jul 7, 2017 at 3:14 PM
Subject: 0719 Cramer - Invitation to edit
To: dailybriefingbinder@ios.doi.gov
Cc: kate_macgregor@ios.doi.gov

Christine Bauserman has invited you to **edit** the following document:

 **0719 Cramer**



You have been tasked the briefing memorandum for the Secretary's meeting with representative Cramer on Wed, July 19th from 3-4 pm.

Please complete the briefing memo by July 18 at 3:00 pm.

If you have any supplemental materials please email as an attachment or
<SHARE> to: dailybriefingbinder@ios.doi.gov

TOPICS:

They would like to discuss an energy development project in SE New Mexico that 85% of development falls within the jurisdiction of the BLM.

Any specifics regarding the energy development project
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ATTENDEES:

- Rep. Cramer
- Cody Ortowski - Select Energy Services, President and COO
- Michael Moore – Brown Pruitt, Attorney
- Mark Gruman – Rep. Cramer, Chief of Staff
- Chris Marohl – Rep. Cramer, Senior Policy Advisor

Thank you,

Christine Bauserman
U.S. Department of the Interior
Special Assistant to Secretary
email: christine_bauserman@ios.doi.gov
phone: 202-706-9330

Open in Docs

Google Docs: Create and edit documents online.

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Steed, Brian <bsteed@blm.gov>

RE: Leonardite

1 message

Harms, Cherie <cherie@leonarditeproducts.com>

Wed, Mar 7, 2018 at 1:42 PM

To: Kathleen Benedetto <kbenedetto@blm.gov>, Brian Steed <bsteed@blm.gov>

Cc: "Andrea Travnicek (Andrea_travnicek@ios.doi.gov)" <Andrea_travnicek@ios.doi.gov>

Kathy,

I'm following up on the email I received from Andrea Travnicek a few minutes ago. I understand you are available Monday. Please advise when you'd like to see us.

We are meeting with Tim Williams at 11:30 and would like to meet with you prior to that meeting or early afternoon, if possible. Our corporate attorney, Robert Harms (yes, also my husband) will be with me.

I am attaching a white paper explaining our situation.

We appreciate the opportunity to meet with you. Thank you for your consideration.

Cherie

Cherie Harms

Leonardite Products

Mobile: 701-471-2704

[Cherie@leonarditeproducts.com](mailto:cherie@leonarditeproducts.com)**From:** Travnicek, Andrea [mailto:andrea_travnicek@ios.doi.gov]**Sent:** Wednesday, March 07, 2018 11:48 AM**To:** Harms, Cherie <cherie@leonarditeproducts.com>**Cc:** Kathleen Benedetto <kbenedetto@blm.gov>; Brian Steed <bsteed@blm.gov>**Subject:** Leonardite coal

Cherie-

I do know Michael Nedd. I am also cc'ing Kathy and Brian as they may be helpful as well. I spoke with Kathy and she said she is around on Monday and should be able to meet if you want to coordinate directly with her.

For my schedule looks like I have a few meetings on Monday. But have some time that I would be at least able to pop out of a meeting and say hi.

I am in the same building and on the same floor as Tim Williams is. Room 6654. Just call my cell when you get to Interior and we can see what works but hopefully you can get some time scheduled with Kathy and/or Brian as well.

Andrea

Andrea Travnicek, Ph.D.

Deputy Assistant Secretary for Water and Science

Office of the Secretary

U.S. Department of the Interior

work: 202-208-0969

cell: 202-897-7220

On Wed, Mar 7, 2018 at 9:18 AM, Harms, Cherie <cherie@leonarditeproducts.com> wrote:

Andrea,

Thank you for your response. I appreciate you looking in to the Interior Department for a contact.

Are you familiar with Michael Nedd? He is the BLM acting Deputy Director of Operations. The geologist at the Montana BLM office thought he might be helpful in one aspect of our issue. He may be helpful, yet I think we need to go higher in the Department so again, thank you for your efforts.

It will be good to see you . Are you at 1849 C Street NW? We will meet Tim Williams at that location 11:30 on Monday.

I also sent you a message on LinkedIn. You can ignore that!

Thank you Andrea.

Cherie

Cherie Harms

Leonardite Products

Mobile: 701-471-2704

Cherie@leonarditeproducts.com

From: Travnicek, Andrea [mailto:andrea_travnicek@ios.doi.gov]

Sent: Wednesday, March 07, 2018 7:50 AM

To: Harms, Cherie <cherie@leonarditeproducts.com>

Subject: Re: You've been recommended

Cherie-

Great to hear from you. Be sure to stop by the Water and Science hallway if you are at DOI on Monday. I will be in the office.

I will reach out to Land and Minerals and see who they have leading on leonardite coal. Will get you an answer back today so that you have the best contact.

Look forward to catching up!

Andrea

Andrea Travnicek, Ph.D.

Deputy Assistant Secretary for Water and Science

Office of the Secretary

U.S. Department of the Interior

work: 202-208-0969

cell: 202-897-7220

The issue boils down to: No BLM region, the OSM or IRS considers leonardite coal except for the BLM office in Billings. The leonardite/ humate business model is so dissimilar to the coal business, reporting is like putting a square peg in a round hole. The subsequent royalties are unmanageable. The company we bought had a coal lease dating back to 1964 that we assumed in 2008. The federal government reserved only coal on this parcel and the land next to it. The surface is owned by private citizens. Mined for the first time in 2006, less than 90,000 tons have been removed from this lease area. By definition, leonardite is an oxidized lignite coal. Lignite that was oxidized by glacial waters tens of thousands of years ago. We sell it as a fertilizer additive.

We'd really like to come up with a solution for the BLM, ONRR, DOI and Leonardite Products. Any suggestions you can offer will be greatly appreciated.

Cherie

Cherie Harms

Leonardite Products

Mobile: 701-471-2704

Cherie@leonarditeproducts.com



Leonardite DOI White Paper 3.2018.pdf

77K

LEONARDITE PRODUCTS-LLC

Date: March 7, 2018

To: Kathleen Benedetto, Senior Advisor to Director of Bureau of Land Management
Brian Steed, Deputy Director, Bureau of Land Management

From: Cherie Harms, President, Leonardite Products 701-471-2704 cell
Cherie@leonarditeproducts.com

CC: Ryan Bernstein, Chief of Staff, US Senator Hoeven's Office
Mark Gruman, Chief of Staff, US Congressmen Cramer's Office
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Leonardite Products mines and processes a compound used as a fertilizer, oil drilling fluid, and foundry mix additive. It is also used for reclamation. The material we mine, leonardite, is an oxidized lignite coal it is a natural form of humate. The lignite was oxidized by glacial waters tens of thousands of years ago. It has no value as an energy source. Our business model is nothing like coal used for energy. We are not attached to, or associated, with any other mining operation.

A group of investors forming Leonardite Product's LLC, bought this company in 2008. The previous owner, GeoResources, acquired a coal lease in 1964 to mine on private land with the intent of mining leonardite. According to the homestead patent, the federal government reserved coal, and only coal, on this land. From 2006- 2017 less than 90,000 tons have been mined from the area covered by this lease. This surface of this lease area is owned by private citizens.

The IRS, the Office of Surface Mining (OSM) and IBLA (see Maurice Tanner Act) do not consider leonardite to be coal. North Dakota no longer considers leonardite to be coal. We understand the humate mines in New Mexico and Idaho are not conserved to be coal by the BLM in those regions. This mine in North Dakota is the ONLY leonardite mine being treated like coal by the federal government. We understand, competitive leonardite, or humate mines, in the US on federal land are covered by the Minerals Material Act of 1947. The North Dakota Public Service Commission Reclamation Department regulates the operation and reclamation of our mine.

The federal government is imposing a 12.5% royalty on Leonardite Products gross proceeds. Because our process and business model is different than coal, that 12.5% exceeds our margin. I inadvertently invited an ONRR audit when, in 2010, I asked for a reduction in our unit value determination and royalty. After the ONRR audit, the royalty changed to as much as \$20.00 per ton sold from \$1.93 tons mined.

The lignite coal mines in our state pay a 2.2% royalty on federal land. I believe the lignite in this area sells for \$20-\$40.00 per ton.

I have several appeals filed with Office of Natural Resources Revenue. ONRR and have submitted a Royalty Rate Reduction with the BLM. ONRR denied our appeals in February 2018. The BLM Royalty Rate Reduction petition has been in the Billings office and not advanced to DC for four years. I believe ONRR had difficulty ruling on our appeals because they understand strictly applying rules and regulations for coal on our company is not reasonable. It is common for the ONRR personnel and me to suggest we are trying to put a square peg in a round hole. ONRR tells me the BLM could change their position.

I've met with Phillip Perlewitz who is the Chief, Branch of Solid Materials in the Montana State Office of the BLM in Billings several times. Two years ago, Senator Hoeven's office set up a meeting with Mitchell Leverette, BLM Washington Office Chief of the Minerals Division and William Radden-Lesage BLM Washington Office, Mining Engineer Minerals Division. At this meeting Leverette and Radden-Lesage agreed Leonardite Products is in a difficult position. These two agreed to turn the matter over to the BLM solicitors.

It is my understanding, the solicitors consulted Mr. Perlewitz. In June of 2016, Mr. Perlewitz told me that Leonardite Products had a contract with the US government and it could not be altered. I tried to explain contracts were renegotiated often and, in fact, the federal government had altered the contract several times since its inception. I also understand the Billings BLM office maintains leonardite is coal.

Leonardite Products is a small company- grossing just over \$1million in leonardite sales per year. Our ability to be profitable and attract capital to expand has been hampered by the royalties expected by the federal government. As a primary sector business we are important to the local community; providing good paying jobs and diversifying the economy.